

EXHIBIT B

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 10-K

- ☒ **Annual report pursuant to section 13 or 15(d) of the Securities Exchange Act of 1934**
for the fiscal year ended January 31, 2017, or
- ☐ **Transition report pursuant to section 13 or 15(d) of the Securities Exchange Act of 1934**
Commission file number 001-6991.



WAL-MART STORES, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

71-0415188
(IRS Employer
Identification No.)

**702 S.W. 8th Street
Bentonville, Arkansas**
(Address of principal executive offices)

72716
(Zip Code)

Registrant's telephone number, including area code: (479) 273-4000

Securities registered pursuant to Section 12(b) of the Act:

Title of each class

Name of each exchange on which registered

Common Stock, par value \$0.10 per share

New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act.

Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for at least the past 90 days.

Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer	<input checked="" type="checkbox"/>	Accelerated Filer	<input type="checkbox"/>
Non-Accelerated Filer	<input type="checkbox"/>	Smaller Reporting Company	<input type="checkbox"/>

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes ☐ No ☒

As of July 31, 2016, the aggregate market value of the voting common stock of the registrant held by non-affiliates of the registrant, based on the closing sale price of those shares on the New York Stock Exchange reported on July 29, 2016, was \$108,531,045,541. For the purposes of this disclosure only, the registrant has assumed that its directors, executive officers (as defined in Rule 3b-7 under the Exchange Act) and the beneficial owners of 5% or more of the registrant's outstanding common stock are the affiliates of the registrant.

The registrant had 3,033,009,079 shares of common stock outstanding as of March 29, 2017.

DOCUMENTS INCORPORATED BY REFERENCE

Document	Parts Into Which Incorporated
Portions of the registrant's Annual Report to Shareholders for the Fiscal Year Ended January 31, 2017 (the "Annual Report to Shareholders") included as Exhibit 13 to this Form 10-K	Parts I and II
Portions of the registrant's Proxy Statement for the Annual Meeting of Shareholders to be held June 2, 2017 (the "Proxy Statement")	Part III

WALMART U.S. SEGMENT
RETAIL UNIT COUNT AND RETAIL SQUARE FEET ⁽¹⁾

	Supercenters					Discount Stores				
Fiscal Year	Opened	Closed	Conversions ⁽²⁾	Total	Square Feet	Opened	Closed	Conversions ⁽²⁾	Total	Square Feet
Balance forward				3,029	552,237				629	66,402
2013	55	—	74	3,158	570,409	7	(1)	(74)	561	59,098
2014	72	—	58	3,288	589,858	4	—	(57)	508	53,496
2015	79	—	40	3,407	607,415	2	—	(40)	470	49,327
2016	55	(16)	19	3,465	616,428	—	(9)	(19)	442	45,991
2017	38	(2)	21	3,522	625,930	—	(6)	(21)	415	43,347

	Neighborhood Markets and Other Small Formats					Total Segment				
Fiscal Year	Opened	Closed	Conversions ⁽²⁾	Total	Square Feet	Opened ⁽³⁾	Closed	Total	Square Feet	
Balance forward				210	8,047			3,868	626,686	
2013	79	(3)	—	286	11,226	141	(4)	4,005	640,733	
2014	122	—	(1)	407	15,778	198	—	4,203	659,132	
2015	235	(3)	—	639	23,370	316	(3)	4,516	680,112	
2016	161	(133)	—	667	27,228	216	(158)	4,574	689,647	
2017	73	(5)	—	735	30,012	111	(13)	4,672	699,289	

(1) "Total" and "Square Feet" columns are as of January 31 for the years shown. Retail square feet are reported in thousands.

(2) Conversions of discount stores or Neighborhood Markets to supercenters.

(3) Total opened, net of conversions of discount stores or Neighborhood Markets to supercenters.

Digital. Walmart U.S. provides its customers access to a broad assortment of merchandise, including products not found in our physical stores, and services online through our e-commerce websites, including walmart.com, jet.com, hayneedle.com and shoebuy.com, as well as mobile commerce applications. Walmart.com experiences on average 92 million unique visitors a month and offers access to over 38 million SKUs, including those carried on Marketplace, a feature of the website that permits third parties to sell merchandise on walmart.com. Walmart.com is also integrated with our physical stores through services like "Walmart Pickup," "Pickup Today" and "Online Grocery." The Walmart U.S. segment also offers access to digital content and services including Vudu and InstaWatch.

Merchandise. Walmart U.S. does business in three strategic merchandise units, listed below, across several store formats including supercenters, discount stores, Neighborhood Markets and other small store formats, as well as on our e-commerce websites.

- Grocery consists of a full line of grocery items, including meat, produce, natural & organics, deli & bakery, dairy, frozen foods, alcoholic and nonalcoholic beverages, floral and dry grocery, as well as consumables such as health and beauty aids, baby products, household chemicals, paper goods and pet supplies;
- Health and wellness includes pharmacy, optical services, clinical services, and over-the-counter drugs and other medical products;
- General merchandise includes:
 - Entertainment (e.g., electronics, cameras and supplies, photo processing services, cellular phones, cellular service plan contracts and prepaid service, movies, music, video games and books);
 - Hardlines (e.g., stationery, automotive, hardware and paint, sporting goods, outdoor living and horticulture);
 - Apparel (e.g., apparel for women, girls, men, boys and infants, as well as shoes, jewelry and accessories); and
 - Home/Seasonal (e.g., home furnishings, housewares and small appliances, bedding, home decor, toys, fabrics and crafts and seasonal merchandise).

The Walmart U.S. segment also offers fuel and financial services and related products, including money orders, prepaid cards, wire transfers, money transfers, check cashing and bill payment. These services total less than 1% of annual net sales.

National brand merchandise represents a significant portion of the merchandise sold in the Walmart U.S. segment. We also market lines of merchandise under our private-label store brands, including: "Adventure Force," "AutoDrive," "BlackWeb," "Equate," "Everstart," "Faded Glory," "George," "Great Value," "Holiday Time," "Hyper Tough," "Kid Connection," "Mainstays," "Marketside," "My Life As," "No Boundaries," "Ol' Roy," "Onn," "Ozark Trail," "Parent's Choice," "Prima Della," "Pure Balance," "Sam's Choice," "Special Kitty," "Spring Valley," "Way to Celebrate," and "White Stag." The Company also markets lines of merchandise under licensed brands, some of which include: "Better Homes & Gardens," "Danskin Now," "Farberware," "OP," "Russell," "Starter" and "SwissTech."

The percentage of net sales for the Walmart U.S. segment, including online sales, represented by each strategic merchandise unit was as follows for fiscal 2017, 2016 and 2015 :

STRATEGIC MERCHANDISE UNITS	Fiscal Years Ended January 31,		
	2017	2016	2015
Grocery	56%	56%	56%
Health and wellness	11%	11%	11%
General merchandise	33%	33%	33%
Total	100%	100%	100%

Periodically, revisions are made to the categorization of the components comprising our strategic merchandise units. When revisions are made, the previous periods' presentation is adjusted to maintain comparability.

Operations. Many supercenters, discount stores and Neighborhood Markets are open 24 hours each day. A variety of payment methods are accepted at our stores and through our e-commerce websites and mobile commerce applications.

Seasonal Aspects of Operations. The Walmart U.S. segment's business is seasonal to a certain extent due to calendar events and national and religious holidays, as well as different weather patterns. Historically, its highest sales volume and segment operating income have occurred in the fiscal quarter ending January 31.

Competition. The Walmart U.S. segment competes with a variety of local, national and global chains in the supermarket, discount, grocery, department, dollar, drug, variety and specialty stores, supercenter-type stores, hypermarkets, e-commerce and catalog businesses. We also compete with others for desirable sites for new or relocated retail units.

Our ability to develop, open and operate units at the right locations and to deliver a customer-centric experience that seamlessly integrates digital and physical shopping largely determines our competitive position within the retail industry. We employ many programs designed to meet competitive pressures within our industry. These programs include the following:

- EDLP: our pricing philosophy under which we price items at a low price every day so our customers trust that our prices will not change under frequent promotional activity;
- EDLC: everyday low cost is our commitment to control expenses so our cost savings can be passed along to our customers;
- Rollbacks: our commitment to continually pass cost savings on to the customer by lowering prices on selected goods;
- Savings Catcher, Save Even More and Ad Match: strategies to meet or be below a competitor's advertised price;
- Walmart Pickup: customer places order online and picks it up for free from a store. The merchandise is fulfilled through our distribution facilities;
- Pickup Today: customer places order online and picks it up at a store within four hours for free. The order is fulfilled through existing store inventory;
- Online Grocery: customer places grocery order online and has it delivered to home or picks it up at one of our participating stores or remote locations; and
- Money Back Guarantee: our commitment to ensure the quality and freshness of the fruits and vegetables in our stores by offering our customers a 100 percent money-back guarantee if they are not satisfied.

We offer a broad assortment of merchandise that provides one-stop shopping, in-stock levels that give our customers confidence that we will have the products they need and operating hours that allow customers to shop at their convenience. In addition, our retail website and mobile commerce applications are important factors in our competition with other retailers, particularly e-commerce retailers.

Distribution. For fiscal 2017, approximately 78% of the Walmart U.S. segment's purchases of store merchandise were shipped through our 147 distribution facilities, which are located strategically throughout the U.S. The remaining merchandise we purchased was shipped directly from suppliers. General merchandise and dry grocery merchandise is transported primarily through the segment's private truck fleet. However, we contract with common carriers to transport the majority of our perishable grocery merchandise.

We ship merchandise purchased by customers on our retail websites and through our mobile commerce applications by a number of methods from multiple locations including from our dedicated e-commerce fulfillment centers.

The following table provides further details of our distribution facilities, including return facilities and 22 e-commerce dedicated fulfillment centers, as of January 31, 2017:

	Owned and Operated	Owned and Third Party Operated	Leased and Operated	Third Party Owned and Operated	Total
Walmart U.S. distribution facilities	103	2	19	23	147

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Wal-Mart Stores, Inc.

Date: March 31, 2017

By /s/ C. Douglas McMillon

C. Douglas McMillon

President and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated:

Date: March 31, 2017

By /s/ C. Douglas McMillon

C. Douglas McMillon

President and Chief Executive Officer and Director
(Principal Executive Officer)

Date: March 31, 2017

By /s/ Gregory B. Penner

Gregory B. Penner

Chairman of the Board and Director

Date: March 31, 2017

By /s/ M. Brett Biggs

M. Brett Biggs

Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

Date: March 31, 2017

By /s/ David M. Chojnowski

David M. Chojnowski

Senior Vice President and Controller
(Principal Accounting Officer)

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Date: March 31, 2017	By	<u>/s/ James I. Cash, Jr.</u> James I. Cash, Jr., Ph.D. Director
Date: March 31, 2017	By	<u>/s/ Pamela J. Craig</u> Pamela J. Craig Director
Date: March 31, 2017	By	<u>/s/ Timothy P. Flynn</u> Timothy P. Flynn Director
Date: March 31, 2017	By	<u>/s/ Thomas W. Horton</u> Thomas W. Horton Director
Date: March 31, 2017	By	<u>/s/ Marissa A. Mayer</u> Marissa A. Mayer Director
Date: March 31, 2017	By	<u>/s/ Steven S Reinemund</u> Steven S Reinemund Director
Date: March 31, 2017	By	<u>/s/ Kevin Y. Systrom</u> Kevin Y. Systrom Director
Date: March 31, 2017	By	<u>/s/ S. Robson Walton</u> S. Robson Walton Director
Date: March 31, 2017	By	<u>/s/ Steuart L. Walton</u> Steuart L. Walton Director
Date: March 31, 2017	By	<u>/s/ Linda S. Wolf</u> Linda S. Wolf Director

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